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SUBJECT: DPRK: CHINA YIELDS ON U.S. SANCTIONS PROPOSALS

Classified By: Amb. Susan Rice for Reasons 1.4 (B), (D)

- 11. (C) SUMMARY: Chinese Perm Rep Zhang told Amb. Rice on April 23 that China could support U.S. proposals in the DPRK Sanctions Committee to update a technical annex of banned goods and to designate three high-value entities. He said this decision, which he portrayed a major concession from China, was made in the context of the U.S.-China bilateral relationship. To manage the DPRK's reaction to this move, Zhang requested low-key public handling of the designations. He also reiterated the importance of resuming the Six Party Talks. Rice thanked Zhang, citing this episode as a positive sign of what the United States and China can achieve when they work together. Zhang and Rice considered that Turkish Perm Rep Iklin, chair of the DPRK Sanctions Committee, could make a statement to press about the designations after the Committee's April 24 meeting. END SUMMARY.
- 12. (C) Chinese Perm Rep Zhang told Amb. Rice on April 23 that China was prepared to support action in the Democratic People's Republic of Korea (DPRK) Sanctions Committee to update the Missile Technology Control Regime (MTCR) technical annex in UNSCR 1718 and to designate three U.S.-proposed entities for targeted sanctions. Zhang claimed he had worked hard with Beijing, which in turn had made "extraordinary efforts" to be able to support these proposals. He said this deal was contingent on the United States not insisting on the designation of the three Japan-proposed entities, which he felt were supported by weak information, and that the United States not insist on designating at this time additional technical items not in the MTCR Annex.
- 3.(C) Zhang portrayed this step as a "major concession" for China, but said it was done in the context of the U.S.-China bilateral relationship. Noting the DPRK's sharp reaction after the Council adopted a Presidential Statement (PRST) condemning the DPRK's April 5 missile launch, and predicting a sharper reaction to the designation, Zhang suggested that a low-key public announcement of these sanctions measures. Zhang also emphasized China's interest in resuming the Six-Party Talks as soon as possible, adding that we should keep the "big picture" of regional stability in mind as we consider further work in the DPRK Sanctions Committee.
- 14. (C) Rice thanked Zhang for his efforts to secure this result, which she said was a good, compromise outcome that was consistent with the political commitment made during the negotiations leading to the PRST. Regarding the Japan-proposed entities, she said that she had just spoken with Japanese Perm Rep Takasu, who would be content with an understanding that the Committee will continue to review the Japanese proposal, even if action is unlikely in the short-term. Rice added that Washington viewed the sequence of actions after the DPRK missile launch as a constructive indication of what the United States and China can do when they work together.
- 15. (C) Regarding the public announcement of the designations, Rice proposed that the P-5 and Japan discuss together how best to manage the inevitable press attention on this issue. Zhang and Rice considered that the Turkish Perm Rep Ilkin, chair of the DPRK Sanctions Committee, could make

a low-key statement to the press immediately after the Committee's 10:30 a.m. meeting on Friday April 24.

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End Cable Text